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PRESS RELEASE

NEW MEASURES CONCERNING ONLINE GAMES COME INTO EFFECT

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On August 1st 2010, the Interim Measures for the Administration of Online Game (the “Measures”), promulgated by the Ministry of Culture earlier this year, come into effect. It is the first department rule specially enacted for the purpose of administrating and regulating online games. The Measures specified clear thresholds of entity, standards of content, codes of conduct and legal liabilities concerning the business of online games.

(1) Thresholds of Entity

The Measures made it clear that an online game operation enterprise is required a minimum registered capital of RMB 10 million yuan. Besides, such enterprises shall obtain a license to operate online games from provincial authority in charge of culture administration, which will be valid for 3 years and renewable thereafter.

(2) Standards of Content

According to the Measures, the contents of online games are subject to the censorship of the Ministry of Culture. Imported online games are particularly under stricter regulation and supervision. Substantial changes of domestic online games shall be filed to the Ministry of Culture within 30 days; for imported online games, however, such changes shall be permitted before application.

(3) Codes of Conduct

Guidelines, warnings, and restriction for the minors in online games are required by the Measures. Additionally, the real-name registration system is also compulsory for such games. The measures imposed strict limits on business of virtual currencies, and gambling is expressly prohibited.

(4) Legal Liabilities

Both central and local relevant authorities have powers to supervise online games. Business violating the Measures could be imposed punishment ranging from penalty to suspending business.

Edward E, Lehman, Managing Director of Lehman, Lee & Xu, said, “Under the regulation of the new Measures, the operation business of online games is subject to more oversights. It should be noted that



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foreign investors interested in online games are confronted with more obstacles, since the Measures sets a higher threshold for operation of imported online games.”

Lehman, Lee & Xu is a prominent Chinese corporate law firm and trademark and patent agency with offices in Beijing, Shanghai, Shenzhen, Hong Kong, Macau, and Mongolia. The firm has also been recognized as one of the top full service as well as intellectual property firms in China by several international magazines. The law firm is managed by Mr. Edward Lehman, a leading expert on corporate law with 20 years of practice experience in Mainland China.

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